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**FILE ONLY**IRAN ARMS REVELATIONS ERODING CONGRESSIONAL TRUST OF INTELLIGENCE AGENCIES  
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J - By LAWRENCE L. KNUTSON

Revelations of the Reagan administration's secret arms sales to Iran are destroying a "relationship of trust" built over a decade between the U.S. intelligence community and Congress, leading lawmakers say.

A - CIA Director William Casey went before the Senate and House intelligence panels Friday in closed meetings to defend the administration's actions, but appeared to have won few if any converts.

P "When trust breaks down, you have a problem," said Chairman David Durenberger, R-Minn., outgoing chairman of the Senate Intelligence Committee.

Many lawmakers said they believe the only way President Reagan can put the festering controversy behind him is by admitting he made a mistake in creating the perception he was swapping arms for hostages held in Lebanon and deliberately keeping Congress in the dark about his actions.

Still others said changes in the law are needed to make sure that covert activities conducted by the White House's National Security Council are reported to the House and Senate intelligence panels.

P "Congressional input and advice is important," California Rep. Anthony Beilenson, a member of the House intelligence committee, said today in the Democrats' weekly radio address. "It gives the president something he doesn't get within the closed confines of the White House \_ some outside opinions that may help him avoid making terrible blunders like this one." "The damage here is to our intelligence community," said Sen. Daniel Patrick Moynihan, D-N.Y., a former Intelligence committee vice chairman. "They need the support of Congress. We've been working on this relationship for 10 years." "Oh what a crash," Moynihan said. "That relationship of trust has clearly not worked and the question now is, that after all of that effort, can it work." Some said national security adviser John Poindexter, the vice admiral who ran the Iran operation, may have to be fired.

Senate Democratic leader Robert C. Byrd of West Virginia, asked by CBS News whether Poindexter should be removed, said, "He certainly has not served the president well. ... He may have to go. But I don't believe that a single scapegoat is going to solve the administration's problems." Reagan also was urged to convene a conference of outside foreign policy experts to review the White House decision-making process.

House Democratic leader Jim Wright of Texas, after hearing Casey's report, said he has been told the Iranians paid \$12 million for the U.S. weapons they received \_ including 2,008 anti-tank weapons \_ depositing the money in an account at a bank in Switzerland.

Pentagon sources told The Associated Press that the TOW anti-tank missiles, along with more than 200 repair components for Hawk anti-aircraft missiles, were transferred from the military to the CIA for shipment to Iran.

The value of the missiles shipped to Iran would be at least \$7 million more than the \$12 million Wright said he was told.

The first American shipments to Iran were last February, a month after Reagan signed a directive approving the sale, The Washington Post, citing an unidentified congressional source, reported in today's editions.

The Post also reported that Reagan's chief of staff, Donald Regan, said he had no plans to leave the White House over the incident "unless asked to by the president." But he added, "That doesn't hold forever, by the way. I'm not sure I'll be here in January '89. How long can I hold out? A couple more of these things." Regan also compared Reagan's decision to try to establish contacts with Iranian officials to President Nixon's secret initiative in 1972 that led to a reestablishment of ties with China.

"I think the jury is still out on whether the operation itself was conducted correctly," he told the Post. "Will it succeed? I don't think the final chapter has been written on that." Nizar Hamdoon, Iraq's ambassador to the United States, said Friday on the television interview show "John McLaughlin: One on One" he does not see how the arms could have been shipped to Iran without the approval of Ayatollah Ruhollah Khomeini. Reagan had said the arms went to moderate elements in Iran.

Hamdoon said the arms would not significantly help Iran in the war but created a dangerous mood within the Iranian regime.

"This will leave them with a feeling that they can benefit from this blackmail or this sort of games," he said.

P Intelligence committee members made clear Casey's appearance was only the start of a long investigative process that may well stretch into January when the Democrats take control of the Senate. Chairman Dante Fascell, D-Fla., announced his House Foreign Affairs Committee will take testimony from Casey, Poindexter and others in a series of hearings and meetings beginning Monday because "many vital facts remain unclear." Sens. Durenberger and Patrick Leahy, D-Vt., vice chairman of the intelligence panel, said Reagan's order to Casey not to inform the committees "could ultimately undo much of the progress that has been achieved in recent years in limiting discussion of such matters on Capitol Hill.

"Failure to notify Congress, even on the limited basis provided for in law, removed a valuable opportunity for consultation and for the advice every president needs," Durenberger and Leahy told Reagan in a letter.

Speaking to reporters, Durenberger said, "At some point in time the president needs to indicate that it was a mistake not to notify the Congress of the United States." Byrd, D-W.Va., listened to Casey and said his answers convinced him that the Iran operation was "clumsy and amateurish" from start to finish.

"Based on what I heard today, I think more than ever that the people and their elected representatives were cavalierly treated by the (presidential) order that the CIA not report to Congress in accord with the law. I think more than ever that the president needs to say this was a mistake because the American people know it was."

Byrd said Reagan should give Secretary of State George Shultz a mandate to "find out what's wrong down there at the White House." Shultz, talking to reporters during a day-long trip to Canada, said he had no plans to testify before Congress on the Iran contacts, saying that would be left to officials with "knowledge" of the operation.

Sen. Richard Lugar, R-Ind., outgoing chairman of the Senate Foreign Relations Committee, told reporters that while the White House "... is not falling apart," the presidential staff "does need to be strengthened." "They need to bring in some big leaguers to run things," Lugar said. "A good common-sense prescription for the president to end all this would be for the president to admit it was all a mistake."